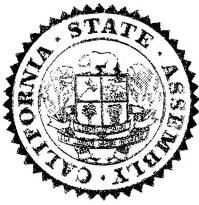


REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

272.1

REPORT ON COSTS OF
PROCESSING TRAFFIC CITATIONS
AT THE DEPARTMENT OF MOTOR VEHICLES
AND THE CALIFORNIA HIGHWAY PATROL

JUNE 1976



Joint Legislative Audit Committee

OFFICE OF THE AUDITOR GENERAL



California Legislature

CHAIRMAN
MIKE CULLEN
LONG BEACH

MIKE CULLEN
CHAIRMAN

VICE CHAIRMAN
CLARE BERRYHILL
CERES

ASSEMBLYMEN
DANIEL BOATWRIGHT
CONCORD
EUGENE A. CHAPPIE
ROSEVILLE
BOB WILSON
LA MESA

SENATORS
ANTHONY BEILENSEN
BEVERLY HILLS
GEORGE DEUKMEJIAN
LONG BEACH
JAMES R. MILLS
SAN DIEGO

June 21, 1976

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of
the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Committee respectfully submits the Auditor General's report on the overall state costs of processing traffic citations. The Auditor General observes that an increase in traffic fines by \$3.75 would recover these costs.

No mention is made of the proportion of convictions to those cited that would bear the administrative costs of the innocent as well as themselves.

During the prior fiscal year the State Highway Account received \$405,092,428 from fuel taxes and \$75 million from registration fees. These were net revenues following deductions of \$298,547,027 for governmental costs.

The auditors are Phillips Baker, Audit Manager; Jerome Wentz; Richard Howard; and Walter Reno.

Respectfully submitted,


MIKE CULLEN, Chairman
Joint Legislative Audit Committee

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	i
INTRODUCTION	1
FINDING	
Unreimbursed costs of approximately \$17.3 million are incurred annually by the State as a result of the issuance of traffic citations which generate revenues to city and county governments.	3
Recommendations	8
WRITTEN RESPONSES TO THE AUDITOR GENERAL'S REPORT	
Chief, Division of Administration, Department of Motor Vehicles	10
Deputy Commissioner, Department of California Highway Patrol	11

SUMMARY

This is a report on the review of administrative costs for processing citations by the California Highway Patrol and the Department of Motor Vehicles. The following finding, conclusion and recommendations deal with the recovery of administrative expenditures for the Post Licensing Driver Control Program from drivers convicted of traffic violations.

<u>Finding</u>	<u>Page</u>
Unreimbursed costs of approximately \$17.3 million are incurred annually by the State as a result of the issuance of traffic citations which generate revenues to city and county governments.	3

Conclusion

During calendar year 1975 the Department of Motor Vehicles received 4,650,385 court abstracts of traffic citation convictions which cost the State approximately \$17.3 million of administrative costs to process. These costs should be recovered from drivers that enter the post licensing driver control population through court conviction for traffic citations.

8

<u>Recommendations</u>	<u>Page</u>
We recommend that legislation be enacted that would provide for:	8

- The assessment of a \$3.75 fee on each traffic citation conviction issued by the courts to cover the administrative cost of the Post Licensing Driver Control Program and related costs of processing traffic citations

- The transfer of the \$3.75 fee collected by the courts to the State Treasury to be deposited in the Motor Vehicle Account of the Transportation Tax Fund.

Benefits

Implementation of these recommendations would:

- Recover approximately \$17.3 million annually. The assessment would recover the administrative costs of the Department of Motor Vehicles for the Post Licensing Driver Control Program and related costs of California Highway Patrol activities

that are currently not recovered by
special fees.

- Provide an additional \$17.3 million
in Motor Vehicle Account revenues
that could be transferred to the
State Highway Account for the
construction and maintenance of
the highway system.

INTRODUCTION

In response to a legislative request, we reviewed the administrative cost of processing citations by the California Highway Patrol and the Department of Motor Vehicles.

One of the major functions of the Department of Motor Vehicles is the licensing and followup control of motor vehicle drivers. Included in this function is a driver improvement program designed to identify and appropriately deal with drivers that do not comply with good driving standards. The Post Licensing Control Program handles all activity involving identification, evaluation and action against drivers whose qualifications for retention of the driving privilege are questioned.

The operational responsibility for performance of the post licensing driver control function is shared by the Department of Motor Vehicles and the courts of the State. The courts and the Department support one another in accomplishing the intent of the Post Licensing Driver Control Program. They in turn depend upon action by law enforcement agencies such as the California Highway Patrol and local police to cite drivers that are violating good driving standards.

The Department of Motor Vehicles, as the drivers licensing agency, retains administrative control of the driving privilege. Under certain conditions, the Department is mandated by the Vehicle Code to

withdraw the driving privilege. In most instances, the Department has discretionary power to suspend or revoke a driver's license. The courts have the authority and responsibility for enforcing the law and actions taken by the Department against a motorist's driving privilege.

The purpose of our review was to identify (1) all administrative costs associated with the processing of court abstracts of traffic citation convictions recorded on drivers licensee records maintained by the Department of Motor Vehicles, and (2) the administrative cost of processing traffic citations issued by the California Highway Patrol.

FINDING

UNREIMBURSED COSTS OF APPROXIMATELY
\$17.3 MILLION ARE INCURRED ANNUALLY
BY THE STATE AS A RESULT OF THE ISSUANCE
OF TRAFFIC CITATIONS WHICH GENERATE REVENUES
TO CITY AND COUNTY GOVERNMENTS.

Funds generated by the issuance of traffic citations are revenues to cities and counties. The State incurs costs of approximately \$17.3 million annually to process these citations and to provide highway patrolmen in court appearances. State funds to pay these costs are derived from motor vehicle fees which would otherwise be available to support and maintain the state highway system.

The \$17.3 million in unreimbursed administrative expenditures incurred by the Department of Motor Vehicles and the California Highway Patrol are classified into four categories in Table A. These costs were extracted from available documentation at the Department of Motor Vehicles and the California Highway Patrol. The periods of time for which the information is available vary and therefore the estimated annual costs shown below have been derived from different base fiscal years.

Table A

Unreimbursed Administrative Expenditures Incurred
Annually by the Department of Motor Vehicles
and the California Highway Patrol for
Post Licensing Driver Control Program

Department of Motor Vehicles:

Post Licensing Control Program costs attributable to traffic citation convictions recorded on drivers licensee records \$7,741,000

California Highway Patrol:

Court time costs for California Highway Patrol traffic officers called as witnesses to traffic court hearings \$8,013,000

Nonuniformed personnel costs for operating Commercial Vehicle Inspection and Enforcement Stations 967,000

Clerical costs for processing traffic citations issued by traffic officers 590,000

Total 9,570,000

Total Post Licensing Control Costs \$17,311,000

Department of Motor Vehicles

Post Licensing Control Program Costs \$7,741,000

Post Licensing Driver Control Program costs for the fiscal year ended June 30, 1975 amounted to \$11,943,170 for the Department of Motor Vehicles. Of this amount, 65 percent, or approximately \$7,741,000, can be attributed to court abstracts of traffic convictions recorded on the drivers licensee records. The remaining 35 percent, or \$4,202,000 in post licensing driver control expenditures was attributable to other information received on drivers with physical and mental disabilities.

Program Cost Accounting System --
Department of Motor Vehicles

The Department does not have a continuous program cost accounting system. A cost allocation procedure is used to prepare the program cost and budget reports. The primary source of program cost information used by the Department is the "Management Reporting and Control" Information System (MARC). The MARC system is based on engineered work standards for tasks performed at the process level. Expenditures are allocated by identifying engineered work standards in each process that are applicable to a given program.

We are currently reviewing the procedures the Department uses to establish work standards and volume data for calculating staffing requirements. At this time we have not determined the reasonableness of the man-year allocation to the Post Licensing Driver Control Program. If problems are disclosed in this area, they will be presented in another report.

California Highway Patrol

Court Time Cost of Traffic Officers \$8,013,000

In calendar year 1975 traffic officers with the California Highway Patrol were required to spend 409,893 hours as witnesses in traffic violation hearings in the courts throughout the State. Based on 1975-76 salary rates, staff benefits and overhead allocations, the

hourly rate for traffic officers amounts to \$19.55. The annual cost to the California Highway Patrol for court appearance time of its traffic officers is \$8,013,000. These costs are attributable to the Post Licensing Driver Control Program because the testimony of the officers assists the court in carrying out its responsibilities. Time spent at traffic citation hearings removes the traffic officer from the normal duties of patrolling the streets and highways.

<u>Nonuniformed Personnel Costs For Operating Commercial Vehicle Inspection and Enforcement Stations</u>	<u>\$967,000</u>
--	------------------

Nonuniformed personnel assigned to commercial inspection and enforcement stations are commercial vehicle inspection specialists, platform scale operators, and janitors. At the present time, the CHP has 120 nonuniformed personnel employed throughout the State at an annual cost of \$2,177,000. This cost is based on 1975-76 salary rates and staff benefits, plus a 14.82 percent overhead rate.

Approximately 44 percent of the enforcement documents issued by the California Highway Patrol at permanent commercial vehicle inspection and enforcement stations are citations for vehicle code violations. These citations are processed in the same manner as citations issued by traffic officers citing drivers on the highways. An unknown number of these citations issued at the commercial vehicle inspection stations will result in court convictions and be recorded on drivers licensee records. Warning notices make up the remaining 56 percent of enforcement documents issued at commercial inspection stations.

Therefore, 44.4 percent of the \$2,177,000, or \$967,000 of the nonuniformed personnel costs, should be allocated to the Post Licensing Driver Control Program since 44.4 percent of the enforcement documents issued are citations that may result in court convictions and input to the Post Licensing Control Program.

Clerical Cost for Processing Traffic Citations Issued by Traffic Officers Of the California Highway Patrol \$590,000

The annual clerical cost for processing citations amounts to approximately \$590,000. This cost is based on 1975-76 salary rates applied to engineered work standards and a volume of 2.5 million citations issued by CHP traffic officers. In addition, a 35.5 percent overhead rate has been applied to the personal service expense to cover field office supervision, operating expense and equipment costs.

Personal Services	\$435,000
Overhead	<u>155,000</u>
Total Clerical Expense	<u>\$590,000</u>

Information used to calculate the various costs incurred by the California Highway Patrol and presented in this report have not been verified by a detailed audit.

CONCLUSION

During calendar year 1975 the Department of Motor Vehicles received 4,650,385 court abstracts of traffic citation convictions which cost the State approximately \$17.3 million of administrative costs to process. These costs should be recovered from drivers that enter the post licensing driver control population through court conviction for traffic citations.

RECOMMENDATIONS

We recommend that legislation be enacted that would provide for:

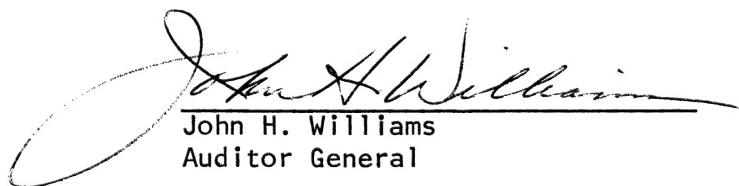
- The assessment of a \$3.75 fee on each traffic citation conviction issued by the courts to cover the administrative cost of the Post Licensing Driver Control Program and related costs of processing traffic citations
- The transfer of the \$3.75 fee collected by the courts to the State Treasury to be deposited in the Motor Vehicle Account of the Transportation Tax Fund.

BENEFITS

Implementation of these recommendations would:

- Recover approximately \$17.3 million annually.
The assessment would recover the administrative costs of the Department of Motor Vehicles for the Post Licensing Driver Control Program and related costs of California Highway Patrol activities that are currently not recovered by special fees.
- Provide an additional \$17.3 million in Motor Vehicle Account revenues that could be transferred to the State Highway Account for the construction and maintenance of the highway system.

Respectfully submitted,



John H. Williams
Auditor General

June 16, 1976

Staff: Phillips Baker
Jerome Wentz
Richard Howard
Walter Reno

DEPARTMENT OF MOTOR VEHICLES

DIVISION OF ADMINISTRATION

P. O. BOX 1828, SACRAMENTO, CALIFORNIA 95809



(916) 445-6031

June 16, 1976

Mr. Phillips Baker
Audit Manager
Joint Legislative Audit Committee
Office of the Auditor General
925 L Street
Suite 750
Sacramento, CA 95814

Dear Mr. Baker:

On June 11, 1976, you presented to the Office of the Director a draft of the "Report on Costs of Processing Traffic Citations at the Department of Motor Vehicles and the California Highway Patrol". This draft is dated June 1976.

We are not in disagreement with the findings which have been made in this report; however, there are some general comments which we should make. Our agreement with your report is really agreement to the concept of having a procedure that requires the convicted person to pay an additional fee to defray the cost of processing his abstract. Some courts have already presented legislation requesting statutory authority to charge an administrative fee for their cost of handling traffic tickets.

With respect to your suggested fee of \$3.75, it is noted that this is based on data of the present and past fiscal years and therefore might be understated if salaries of State employees are increased effective July 1, 1976. Further, you may wish to consider the advantage of rounding the fee to an even dollar amount, such as \$4.

Sincerely,


RALPH D. COOK, Chief
Division of Administration

Memorandum

To : Honorable John Williams
Auditor General
925 L Street, Suite 750
Sacramento, CA 95814

From : Department of California Highway Patrol
Office of the Commissioner .

Date : June 16, 1976
File No.: 1.1793.A2456
Subject: REPORT ON COST OF
PROCESSING TRAFFIC
CITATIONS

Your report to the Joint Legislative Audit Committee on the review of administrative costs of processing citations at the Department of Motor Vehicles and the California Highway Patrol has been reviewed. Our comments on the report are as follows:

We question the appropriateness of earmarking funds collected as traffic fines or assessments for State programs. This concept places the enforcement agency in an untenable position by allowing the agency to control, by increasing or decreasing its enforcement action, the amount of revenue generated for the program. Historically, the California Legislature has guarded against placing this stigma on an enforcement agency.

Secondly, it appears the funds intended for highway construction should be derived from the general highway user and not from a very narrow segment of the user population which have committed traffic violations.

We also question the scope of the study in that it focuses on only a small percentage of the costs associated with providing traffic law enforcement and post licensing control. The much broader issue of making the Motor Vehicle Account generate adequate revenue to support DMV and CHP and still have a surplus that could be transferred to Caltrans for highway construction is not addressed.

Thank you for the opportunity to provide comments on your report.


A. S. COOPER
Deputy Commissioner